

50X1-HUM

REPORT

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SUPPLEMENT TO  
REPORT NO.

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THIS IS UNEVALUATED INFORMATION

1. The Paris Conference of Foreign Ministers is expected to fail. Steps will then be taken to form an East-German government. A Volksrat meeting originally scheduled for 20 May 1949 was consequently postponed until 12 June.
2. The first step of the Volksrat will be a vote on a motion for the formation of an East-German government.
3. After the "unanimous" acceptance of the motion the Volksrat will call together the Volkskongress for the purpose of ratifying the constitution.
4. The Volksrat, or a committee nominated by it, will then be charged with the formation of a government whose first steps are likely to be the following:
  - a. Recognition of the Oder-Neisse line.
  - b. Revaluation of the East Mark and its incorporation into the ruble bloc.
5. The east sector of Berlin will be incorporated into the East State, the capital of which is almost certain to be Leipzig.
6. A militia, which will include trained contingents of the Eastern Zone Bereitschaften and selected cadres of the SED, will be formed to protect the new government.
7. The blockade will not be reimposed but the boundary between the Berlin sectors will be treated as an international frontier for customs purposes.

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